

## LNF & IHCIF Calculations Illustration

### - Forest County Potawatomi in Bemidji area -

#### Given Data

- 786 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 90% = % Expenditures on purchased services, 10% = % expenditures in-house
- 96.4% = Cost index for purchasing health care in this geographic area
- 135.7% = Size cost index for in-house costs due to small or large size
- 105.9% = Bemidji area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$2,586 per person for purchased services =  $90\% * 96.4\% * \$2,980$
- \$404 per person for in-house services =  $10\% * 135.7\% * \$2,980$
- \$2,990 per person total = \$2,586 (purchase) + \$404 (in-house)
- **\$3,167 per person total** adjusted for health status =  $\$2,990 * 105.9\%$
- **\$2,422 per person net cost** =  $\$3,167 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 786 users excluding wrap-around and collections)

- \$714 per person = local IHS allowance (excludes \$ for wrap-around)
- \$94 per person = expenditures elsewhere in Bemidji area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$862 per person for OU users** =  $\$714 + \$94 + \$54$

#### LNF Calculation

- **27.2% Gross LNF** =  $\$862$  (expenditures) /  $\$3,167$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **35.6% Net LNF** =  $\$862 / \$2,422$  net cost ( $\$3,167 - \$745$  other)

#### IHCIF Allocation

- \$464,634 = \$ to raise LNF% from 35.6% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$16,206 Allocation** =  $\$464,634$  needed for 60% \* 3.488% IHCIF fraction

#### Forest County Potawatomi Unmet Needs

- **\$1,903,939 Net Total Need** =  $786$  users \*  $\$2,422$  net cost
- **\$1,226,210 Net Unmet Need** =  $(100\% - 35.6\% \text{ LNF}) * 786$  users \*  $\$2,422$  net cost